



South Carolina Department of Insurance

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October 22, 2014

The Honorable Jocelyn D. Boyd
Chief Clerk/Administrator
Public Service Commission of South Carolina
101 Executive Center Drive
Columbia, South Carolina 29211

RE: Application of Rasier, LLC for a Class C – Transportation Network Company Certificate of Public Convenience and Necessity for Operation of Motor Vehicle Carrier; Docket No. 2014-372-T

Dear Ms. Boyd:

The South Carolina Department of Insurance (“Department”) is informed that Rasier, LLC (“Rasier”) filed an application (“Application”) with the South Carolina Public Service Commission (“Commission”) for a Class C – Transportation Network Company (“TNC”) Certificate of Public Convenience and Necessity (“Certificate”) in the above-referenced docket. In order to be approved as a Class C motor carrier, the Department understands that the Commission requires applicants to demonstrate, among other things, that they have secured adequate insurance coverage from an insurance company authorized by the Department to do business in South Carolina.

The Department is informed that Rasier proposes to satisfy the Commission’s insurance requirements for Class C motor carriers by maintaining, on behalf of its Transportation Network Company partners, a liability insurance policy (“Policy”) issued by James River Insurance Company (“James River”). Two policies were presented to the Department for its review: Policy #CA43600143 and Policy # CA43600179.

Policy #CA43600143

This policy appears to provide business or commercial automobile insurance coverage. Policy #CA43600143 appears to meet the minimum insurance limits for liability, uninsured and underinsured motorist coverage required by South Carolina law. This policy provides \$1,000,000 aggregate limit for each type of coverage. This policy also satisfies the requirements for liability insurance coverage set forth in Reg. 103-172.

According to the endorsement attached to Policy #CA43600143 provided to the Department for its review, this coverage appears to be primary coverage over the named designated operator's personal automobile insurance policy from the time the designated named operator accepts a trip request until the passenger exits the designated named operator's vehicle. Additionally, this policy states that it provides coverage when the designated named operator is logged on to the application and is available for an assignment on airport premises. However, should the automobile operated by the designated named operator be insured by a business auto policy, this coverage will not be primary coverage, but be considered secondary or excess insurance coverage.

Policy # CA43600179

This policy appears to provide business or commercial automobile insurance coverage. Policy #CA43600179 provides coverage from the time the designated named operator is logged into the application and is "available to receive requests" but is not yet providing or has not yet accepted a call for services. This policy provides coverage of \$50,000 per person/\$100,000 per accident/\$25,000 for property damage per accident. This policy will NOT provide coverage if the designated named operator is providing services *i.e.*, accepted a request for services or in the act of transporting a customer to their destination. Moreover, this policy will provide coverage secondary to the designated named operator's personal automobile insurance policy if that policy has denied coverage and there is no other collectible insurance coverage. Please note that under South Carolina law, an insurer will most likely deny coverage because personal private passenger automobile insurance policies cannot cover vehicles used commercially or used as a public or livery conveyance. *See S. C. Code Ann. § 38-77-30.*

This policy does comply with the minimum limits stated in section 38-77-140. However, Section 38-77-160 requires the insurer to make a meaningful offer of uninsured motorist coverage up to the limits of the insured's liability coverage: \$50,000/100,000/\$25,000. We do not have information to determine whether a meaningful offer of coverage was made. The insured has the option of accepting or denying this coverage.

This policy does not provide underinsured motorist coverage. Underinsured motorist coverage is not mandatory. South Carolina law just requires the insurer to make a meaningful offer of coverage to the insured. This Department lacks the information necessary to determine whether a meaningful offer of coverage was made.

Coverage Examples on Next Page

Listed below are some specific examples to illustrate how coverage appears to work under the policies.

Situation	CA43600143 (Covered: Y/N)	CA43600179 (Covered: Y/N)
Incident occurs resulting in bodily injury or property damage while designated named operator has accepted and is in route to include pickup and drop-off of a customer/passenger	Yes. This policy appears to cover the incident. According to its terms it would provide \$1,000,000 in liability, uninsured or underinsured coverage. Policy provides that it will not make double payments. This coverage would provide primary coverage over the designated named operator's personal insurance policy. It would provide excess or secondary coverage if the named designated operator's automobile was covered by a business auto policy.	No. This policy does not provide coverage while services are being provided.
Incident occurs resulting in bodily injury or property damage while the designated named operator is logged onto the application and is available to accept requests but is not yet providing transportation services.	Maybe. Coverage only applies if the named designated operator is on airport premises. The \$1,000,000 coverage appears to apply if the incident occurs on airport premises. Please note that airport premises is not defined by the terms of the policy.	Yes. Coverage is limited to the amounts stated on the declarations page of the policy: \$50,000/\$100,000/\$25,000. It is secondary to the coverage provided by the personal auto policy of the designated named operator. The personal auto policy of the designated named operator must first deny coverage and there must not be any other collectible insurance coverage. Please note that most personal auto policies will not provide coverage because this is a commercial or livery venture. See S.C. Code Ann. § 38-77-30.
Incident occurs on airport premises while providing transportation services to a passenger	Yes, up to \$1,000,000 in coverage.	No. See explanation above.

Based upon the Department's review of the policies and attached endorsements, the Department hereby confirms as follows:

- 1) James River is authorized by the Department as an Eligible Surplus Lines Insurer and currently is in good standing. It has an A.M. Best Rating of A- which is considered "Excellent."
- 2) James River is eligible to issue the Policy and provide Eligible Surplus Lines Coverage in South Carolina.
- 3) Policy # CA43600143 is currently effective until December 21, 2014. It appears to satisfy the insurance requirements set forth in S.C. Code Ann. Reg. 103-172. Rasier is the insured. Uber is also included by endorsement as an additional insured. The designated named operators (who have a contract with the insured prior to the date of an accident)

also appear to be covered under the terms of the policy via an endorsement. This coverage is considered primary to the designated named operator's personal automobile insurance coverage.

- 4) Policy #CA43600143 provides primary coverage of at least \$1,000,000 per accident for accidents involving a designated named operator from the time the designated named operator accepts a trip request until the passenger exits the designated named operator's vehicle.
- 5) Policy #CA43600143 has two South Carolina endorsements. These endorsements provide uninsured/underinsured motorist coverage of at least \$1,000,000 aggregate limit per occurrence.
- 6) There is a separate policy #CA43600179 to cover situations where a designated named operator is logged in and available to accept requests for services, but has not yet accepted an assignment or in the process of providing services. During the time that a designated named operator is logged into a Uber Platform, but the designated named operator is not providing services, the Policy provides liability coverage of \$50,000 per person, \$100,000 per accident, and \$25,000 for property damage per accident (subject to other exclusions and limitations in the policy), in the event that a designated named operator's personal insurance policy denies coverage under the terms of the designated named operator's personal insurance and there is no other collectible insurance coverage. This policy expires on or about March 14, 2015.

These conclusions are based upon the information provided to the South Carolina Department of Insurance. If you have any questions or if you need any additional information, please do not hesitate to contact me. With best regards, I am

Sincerely,



Raymond G. Farmer
Director

cc: C. Dukes Scott, Esq.
Jeffrey M. Nelson, Esq.
Rasier, LLC